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Message Text

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TO AMEMBASSY BRIDGETOWN
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AMEMBASSY NASSAU
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AMEMBASSY PORT AU PRINCE
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TAGS: XL, ECIN, ECON, ETRD

SUBJECT: MEETINGS WITH REPRESENTATIVES OF CARIBBEAN
COUNTRIES

1. THIS MESSAGE REPORTS ON A MEETING OF CARIBBEAN REPRE-

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SENTATIVES/OBSERVERS TO OAS WITH THE SECRETARY AND UNDER SECRETARY NEWSOM ON JUNE 23 AND ON A FOLLOW-UP MEETING ON JUNE 26 OF CARIBBEAN AMBASSADORS TO THE U.S. WITH UNDER SECRETARY NEWSOM. ASSISTANT SECRETARY (EB) KATZ AND ACTING ASSISTANT SECRETARY (ARA) BUSHNELL PARTICIPATED IN BOTH MEETINGS. BOTH MEETINGS FOCUSSED ON ECONOMIC AND TRADE ISSUES, PRIMARILY OF BILATERAL INTEREST. THE SECRETARY ASKED MESSRS. NEWSOM AND KATZ TO HOLD THE SECOND MEETING TO GO INTO SOME OF THE ISSUES RAISED ON JUNE 23 IN GREATER DETAIL.

2. SUGAR. ON JUNE 23 FOREIGN MINISTERSJIMENEZ (DOMINICAN REPUBLIC) AND FORDE (BARBADOS) RAISED IMPORTANCE OF SUGAR EXPORTS TO CARIBBEAN ECONOMY, EXPRESSED FEAR OF GROWING U.S. PROTECTIONISM, AND URGED EARLY U.S. RATIFICATION OF THE ISA. THE SECRETARY EMPHASIZED PRESIDENTIAL SUPPORT FOR THE ISA TO PROVIDE NEEDED MARKET STABILIZATION. HE SAID PRESIDENT WAS ENCOURAGED BY A RECENT

MEETING ON THE ISA WITH CONGRESSIONAL LEADERS, ALTHOUGH IMMEDIATE SOLUTION WAS UNLIKELY. SUGAR DID NOT ARISE DURING JUNE 26 MEETING.

3. RUM AND CIGARS. U.S. TARIFFS ON RUM AND CIGARS WERE EXTENSIVELY DISCUSSED DURING BOTH MEETINGS. THE CARIBBEAN PARTICIPANTS OPPOSED AS DISCRIMINATORY HIGHER LIMITED OFFICIAL USE

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DUTY ON RUM THAN ON WHISKEY, AND JAMAICA (AMBASSADOR RATTRAY) ASKED FOR IMPROVEMENT IN MODEST OFFER AT MTN ON DUTY ON CIGARS. KATZ SAID MTN WAS PROPER PLACE TO RESOLVEISSUESAND THAT LOWER DUTY ON WHISKEY THAN RUM HAD ARISEN AS RESULT OF NEGOTIATED REDUCTIONS IN DUTY ON WHISKEY. HE ALSO SAID THAT WE WOULD LOOK INTO OUR CIGAR OFFER. RATTRAY SAID EVERY TIME RUM ISSUE WAS RAISED IN GENEVA JAMAICA WAS REFERRED TO WASHINGTON AND VICE VERSA. KATZ REVIEWED THE U.S. DOMESTIC SENSITIVITY ON A CONCESSION ON RUM, SAID HE WOULD LOOK INTO A POSSIBLERUM OFFER IN MTN (NONE HAS BEEN MADE) WHICH WAS THE PROPER FORUM, AND STATED THAT A RESPONSE BY CARIBBEAN COUNTRIES TO U.S. REQUESTS FOR TARIFF CONCESSIONS (NONE HAS BEEN RECEIVED) WOULD BE HELPFUL.

3. TEXTILES AND APPAREL. ON JUNE 23 JIMENEZ MENTIONED HARDSHIP TO DOMINICAN REPUBLIC OF NEGOTIATING WITH U.S. TEXTILE BILATERAL, ESPECIALLY FOR IMPORTANT DR BRASSIERE INDUSTRY. FOREIGN MINISTER BRUTUS (HAITI) SAID HAITI'S QUOTA WAS UNFAIR AND (ERRONEOUSLY) HAD NOT BEEN CHANGED SINCE 1971. JAMAICA, WHICH PLANS TO REVIVE ITS TEXTILE INDUSTRY, SAID IT WANTS AN AGREEMENT (AT UNREALISTICALLY

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HIGH LEVELS) TO GUARANTEE A MARKET IN THE U.S. KATZ POINTED
OUT POLITICAL DIFFICULTIES FOR U.S. OF TEXTILE IMPORTS.
AFTER LOOKING INTO ISSUES IN GREATER DETAIL, HE PROMISED
ON JUNE 26 TO CONSIDER THESE "PARTICULAR SITUATIONS"
CAREFULLY IN FUTURE NEGOTIATIONS.

4. TOURISM. REQUEST FOR INCREASE IN U.S. TOURIST
ALLOWANCE FROM $100 TO $500 AND QUESTION OF PENDING TAX
LEGISLATION ON CONVENTIONS WERE DISCUSSED BY PRIME MINIS-
TER GAIRY (GRENADA), RATTRAY, FORDE AND OTHERS ON JUNE 23.
(BAHAMAS, WHICH HAS TAKEN LEAD ON CONVENTION ISSUE, WAS NOT
INVITED TO MEETING SINCE IT IS NOT A MEMBER OF OAS AND
COULD NOT ATTEND JUNE 26 MEETING.) THE SECRETARY EXPLAINED
THE NEED TO CURB TAX ABUSE OF CONVENTIONS. RATTRAY SAID
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THAT EVEN IF THE LEGISLATION WAS NOT AIMED AT CARIBBEAN
COUNTRIES THEY WOULD BE JUST AS DEAD IF IT PASSED; HE
ASKED ABOUT INDIVIDUAL TAX TREATIES AS A POSSIBLE SOLUTION.
THE SECRETARY REPLIED THAT THIS AVENUE DID NOT APPEAR
AS PROMISING AS HE ORIGINALLY THOUGHT. KATZ OFFERED

TO GO INTO GREATER DETAIL LATER, BUT ISSUE DID NOT
ARISE ON JUNE 26.

5. ECONOMIC ASSISTANCE. ON JUNE 23 FORDE EXPRESSED
CONCERN OVER U.S. LIMITATIONS ON AID TO MIDDLE-INCOME
COUNTRIES AND ASKED FOR REVIEW OF RELATIVELY HARD U.S.
TERMS ON LOANS TO THE CARIBBEAN DEVELOPMENT BANK. HE NOTED
RELATIONSHIP OF U.S./BARBADIAN BASE NEGOTIATIONS AND
NEED FOR ECONOMIC ASSISTANCE FOR BARBADOS. AMBASSADOR MANN
(GUYANA) COMPLAINED THAT COMMODITY CREDIT CORPORATION
(CCC) HAD DEMANDED "POLITICAL RISK" GUARANTEE FOR
"FRIENDLY" GUYANA AND ON JUNE 26 SAID HE WOULD PROVIDE
AN AIDE MEMOIRE ON THE SUBJECT. BRUTUS COMPLAINED OF
NEGATIVE ATTITUDE OF EXIMBANK TOWARD HAITI. AMBASSADOR
KARAMAT (SURINAME) URGED U.S. ACTION ON REPLENISHMENT
OF THE IDB, AND GAIRY ASKED WHY U.S. WOULD NOT GIVE
BILATERAL ASSISTANCE TO SMALL COUNTRIES. THE SECRETARY
DESCRIBED U.S. ASSISTANCE POLICY AND PROGRAMS. HE SAID THE
ADMINISTRATION WAS FACED WITH A PROBLEM OF INTERPRETATION
OF AID LEGISLATION AND HAD THE ALTERNATIVES OF LIMITING
ASSISTANCE ONLY TO THE POOREST COUNTRIES BY THE USUAL
CRITERIA OR TRYING TO REACH THE POOR EVEN IN MIDDLE-
INCOME COUNTRIES. HE SAID THE ADMINISTRATION WAS FIRMLY
COMMITTED TO THE LATTER COURSE, BUT IT CONTAINED MANY
COMPLICATED PROBLEMS. HE ASKED MR. KATZ TO LOOK INTO THE
CCC AND EXIMBANK ISSUES AND PROMISED BRUTUS TO SPEAK
TO CHAIRMAN MOORE OF THE EXIMBANK, IF THE FACTS
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WARRANTED. BUSHNELL REVIEWED THE LEGISLATIVE RESTRICTION ON THE NUMBER OF COUNTRIES WHERE WE COULD HAVE AID PROGRAMS AND SAID THAT GROWING NUMBER OF SMALL COUNTRIES NEEDING AID WAS ONE REASON WHY WE SOUGHT A MULTILATERAL APPROACH IN THE CARIBBEAN. BUSHNELL ALSO TOLD AMBASSADOR SALOMON (HAITI) ON JUNE 26 THAT ONCE THE IMF/HAITI AGREEMENT BEING NEGOTIATED WAS CONCLUDED THE EXIMBANK MIGHT BE WILLING TO RE-EXAMINE HAITI'S ELIGIBILITY TO PROVIDE FCIA INSURANCE ON U.S. EXPORTS TO HAITI.

6. THE CARIBBEAN GROUP. FORDE, STRONGLY SUPPORTED BY JIMENEZ, BRUTUS, MANN, AND RATTRAY, TOLD THE SECRETARY THAT, WHILE ALL EXPECTATIONS HAD NOT BEEN MET, THE MEETING HAD BEEN EXTREMELY POSITIVE AND THAT MOST RECIPIENTS WERE OPTIMISTIC THAT THIS IMPORTANT FIRST STEP WOULD LEAD TO STILL MORE PRODUCTIVE FUTURE RESULTS.

7. US AID TO SMALL NATIONS TO ESTABLISH DIPLOMATIC MISSIONS. GAIRY ASKED ABOUT POSSIBILITY OF SUCH AID

AND ABOUT U.S. ACCEPTANCE OF U.S. CITIZENS WHO WERE FORMER FOREIGN NATIONALS AS REPRESENTATIVES OF THEIR FORMER COUNTRIES. THE SECRETARY RECALLED GAIRY HAD RAISED THESE QUESTIONS BEFORE, SAID HE WOULD LOOK INTO THEM AGAIN, BUT STATED HE DOUBTED HE COULD BE MORE POSITIVE THAN HE HAD BEEN PREVIOUSLY. CHRISTOPHER

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